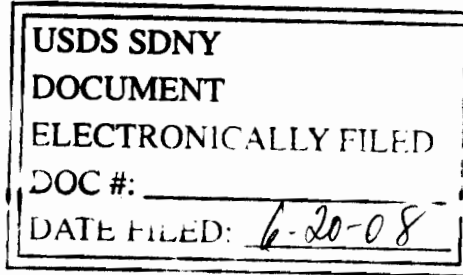


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June 17, 2008

The Honorable Victor Marrero
United States District Judge
United States District Court
Southern District of New York
500 Pearl Street, Room 660
New York, NY 10007



Re: Nella Longari S.R.L. v. Salander-O'Reilly Galleries LLC *et al.*
United States District Court, Southern District of New York
07-CV-08484 (VM)
Our File: 11019-2

Dear Honorable Judge:

We are attorneys for Nella Longari S.R.L., the plaintiff in the above-referenced action against defendants Salander-O'Reilly Galleries LLC ("Gallery") and Lawrence Salander ("Salander").

In furtherance of this Court's Order, dated March 12, 2008, directing plaintiff to advise the Court every 90 days as to the status of the bankruptcy proceeding involving defendants, plaintiff respectfully submits as follows.

As we wrote on March 18, 2008, Salander filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States District Court for the Southern District of New York (Poughkeepsie Division). The case was assigned to the Honorable Cecilia G. Morris under case number 07-36735. On March 7, 2008, the United States Trustee filed a motion to convert this Chapter 11 case to a Chapter 7 case or, in the alternative, to dismiss the Chapter 11 case. The case was converted to a Chapter 7 case.

On November 2, 2007, Gallery also filed a voluntary petition under Chapter 11 in the same Court. The two cases are being handled under different case numbers by the Honorable Cecilia G. Morris. The case number of the Gallery's case is 07-30005. This matter is also still active. On March 12, 2008, the Court signed an order approving a protocol for assertion and resolution of claims of ownership to artworks in possession of Gallery ("Art Claims"). Plaintiff recently filed Art Claims claiming ownership of six (6) artworks which were found in possession of Gallery. Disputes, if any, as to those artworks should be resolved in the nearest future. If no dispute arises or Plaintiff prevails in the event of a dispute as to the ownership of those artworks, Plaintiff will obtain possession of those artworks.

In addition to the six (6) artworks claimed by Plaintiff which were found in the possession of the Gallery, there are other artworks which are owned by the Plaintiff which were not found in the possession of the Gallery. The creditors are presently investigating the whereabouts of several artworks which were not in possession of Gallery. Lastly, Plaintiff has claims for payment of the price of certain artworks which were sold to Gallery and which Gallery failed to pay to Plaintiff. Plaintiff intends to file a proof of claim in connection with such claims. The date by which to file proof of claims has not been fixed.

In light of the foregoing, plaintiff Nella Longari S.R.L. respectfully requests that (1) the order signed by Your Honor on October 30, 2007, continue to be in place and (2) the instant case continue to be on the suspense calendar of this Honorable Court, while the bankruptcy cases are pending.

We thank the Court for its attention to this matter.

Respectfully submitted,
Wuersch & Gering LLP


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